

**Naval Postgraduate School  
Office of the Associate Provost and Dean of Research  
Office of the Associate Provost for Academic Affairs**

**Sponsored Program Policy/Guidance Memo No. SPPGM-03-04**

Subj: FISCAL RESPONSIBILITIES OF PRINCIPAL INVESTIGATORS/  
PROGRAM MANAGERS (PI/PM)

Ref: (a) NAVPGSCOLINST 3900.1C  
(b) NAVPGSCOLINST 7130.1A

1. At the Naval Postgraduate School, the Principal Investigator/Program Manager (PI/PM) has overall responsibility for the technical and fiscal management of a sponsored project under his/her direction. This includes the management of the project within funding limitations and assurance that the sponsor will be notified when significant conditions related to the project status change. While responsibility for the day-to-day administration of project finances may be delegated to the Sponsored Program Financial Analyst (SPFA), accountability for compliance with NPS policy and sponsor requirements ultimately rests with the PI/PM.
2. NPS requires all PI/PMs to review their obligations for stewardship of sponsored funds and compliance with applicable regulations. These obligations are outlined in reference (a) and detailed further in this Policy/Guidance Memorandum.
3. Preparation and Submission of Proposed Budgets: In proposing budgets for sponsored projects, the PI/PM assures NPS and the potential sponsor that the proposed budget represents costs for the proposed work as accurately as possible. Proposal budgets should delineate the complete cost of the project and identify the amount required from the sponsor.
  - a. Proposals should accurately represent the amount of time that key personnel are committing to the project. In preparing proposals, PI/PMs should be careful not to overcommit themselves or others. Distribution of effort must take in to account the time required for teaching, advising and department/school citizenship. PI/PMs may submit proposals on the assumption that not all will be funded, but at the time of funding, an accurate representation of time to be devoted to the project will be necessary. Subsequent changes in levels of effort may require sponsor approval.
  - b. When estimating the cost of project expenses in the proposal budget, it is expected that the cost of actual expenditures will be consistent as much as possible with those estimated and proposed. Actual expenditures will be accumulated and reported to the same level of detail as the budget.
  - c. Expenditures must be treated consistently as either direct or indirect costs. If a proposed budget includes the direct expenditure of project funds for costs that would normally be charged indirectly, e.g. clerical and administrative expenses, then those items must be supported in the proposal by an explicit budget justification. When administrative or clerical costs are included in the proposal budget, the proposal must include an explanation of the activities which allow the

project to be classified as a “major” effort (see SPPGM-03-12, Charging for Administrative and Clerical Personnel on Sponsored Projects).

4. Authorization of Direct Charges: To authorize the expenditure of funds to be charged directly to a sponsored project, the PI/PM must assure:
  - the estimated charge is reasonable and necessary
  - the expenditure provides benefit to the project and the completion of the deliverable
  - the funds are available within the authorized project amount and funding limitations
  - the expenditure has been processed using appropriate NPS business processes
5. Certification of Project Expenditures: Expenditures in support of a sponsored project must be certified by the PI/PM at least quarterly during the life of the sponsored project account. The PI/PM may not delegate the certification or “attestation” process (see SPPGM-03-04).
6. Charging Labor to a Sponsored Project: Faculty and support staff labor charged to a sponsored project account must correspond to the level of effort by those personnel. Entries into the Electronic Time and Attendance Certification (ETAC) system by department personnel must be recorded accurately.
7. Charging Proposal Expenses to Ongoing Projects: Proposal preparation costs, i.e., faculty time spent on writing proposals, may not be charged to a sponsored project unless the proposal is being prepared as a continuation to on-going work for the project. Costs for development of proposals should be charged to the Department/School Indirect Cost Bid and Proposal account.
8. Monitoring of Funds within Sponsor/Budget Limitations: It is NPS’ general expectation that expenditures on sponsored projects will be reasonably consistent with the proposal budget. If, as a result of unusual circumstances or unanticipated project expenses, a budget realignment is required, the request will be forwarded to the Sponsored Programs Office. In some cases, sponsor concurrence may be required for the budget realignment (see SPPGM-03-08).
9. Modification to the Scope of Work: If during performance, the proposed project plan indicates a significant change in scope, the PI/PM will provide a proposal addendum to the Sponsored Programs Office. The addendum will be forwarded to the sponsor. An addendum is required if additional funding is being requested from the sponsor or if there is change in the PI/PM (see SPPGM-03-09).